

AMENDED IN ASSEMBLY MAY 16, 2012  
AMENDED IN ASSEMBLY MARCH 26, 2012  
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1974**

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**Introduced by Assembly Member Dickinson  
(Coauthor: Assembly Member Allen)**

February 23, 2012

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An act to add Section 17052.1 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1974, as amended, Dickinson. Income taxes: credit: earned income.

The Personal Income Tax Law—~~authorizes~~ *allows* various credits against the taxes imposed by that law, including certain credits that are allowed in modified conformity to credits allowed by federal income tax laws.

This bill would, for taxable years beginning on or after January 1, 2012, allow a credit computed by multiplying the federal earned income credit amount, as defined, by 15%. This bill would provide that, in those years in which an appropriation is made by the Legislature, the credit would be refundable.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 17052.1 is added to the Revenue and Taxation Code, to read:

17052.1. (a) For each taxable year beginning on or after January 1, 2012, there shall be allowed ~~as to a qualified taxpayer~~ a credit against the “net tax,” as defined by Section 17039, in an amount determined under subdivision (b).

(b) Except as otherwise provided in this section, the amount of the credit allowed under subdivision (a) shall be computed by multiplying the “federal earned income credit amount,” as defined in subdivision (c), by 15 percent.

~~(c) For purposes of this section, “federal earned income credit amount” means the amount determined under Section 32 of the Internal Revenue Code as in effect on January 1, 2012.~~

~~(d) A credit shall not be allowed under this section to any of the following:~~

(c) *For purposes of this section:*

(1) “Federal earned income credit amount” means the amount determined under Section 32 of the Internal Revenue Code, as in effect on January 1, 2012, with respect to the qualified taxpayer for federal income tax purposes for the taxable year in which the credit allowed under this section is claimed.

(2) (A) “Qualified taxpayer” means an individual who is a resident of California who is eligible for a credit, for federal income tax purposes, under Section 32 of the Internal Revenue Code, relating to earned income, as in effect on January 1, 2012, for the taxable year in which the credit allowed under this section is claimed.

(B) “Qualified taxpayer” shall not include:

~~(1) Any person~~

(i) An individual who is a nonresident for any portion of the taxable year in which the credit allowed under this section is claimed.

~~(2) Any person~~

(ii) An individual who is married, within the meaning of Section 17021.5, and files a separate return for the taxable year in which the credit allowed under this section is claimed.

~~(e)~~

(d) (1) Except as provided in paragraph (2), in the case where the credit allowed under this section exceeds the “net tax,” the excess credit may be carried over to reduce the “net tax” in the following taxable year, and succeeding taxable years, if necessary, until the credit is exhausted.

(2) (A) Notwithstanding paragraph (1), for taxable years beginning on or after January 1, 2012, if the amount allowable as a credit under this section exceeds the tax liability computed under this part, the excess shall be credited against other amounts due, if any, and the balance, if any, shall, upon appropriation by the Legislature, be paid from the Tax Relief and Refund Account and refunded to the taxpayer.

(B) If the amounts refunded to taxpayers pursuant to this paragraph exceed the amount available in the Tax Relief and Refund Account, the Franchise Tax Board shall establish a wait list for refunds, with an order of priority based on the date the taxpayer’s return was received by the Franchise Tax Board. The Franchise Tax Board shall notify a taxpayer if he or she has been placed on the wait list.

*(3) The determinations of the Franchise Tax Board with respect to the date a return has been received by the Franchise Tax Board for purposes of this subdivision, may not be reviewed in any administrative or judicial proceeding.*

~~(f)~~

(e) Any credit refunded to a taxpayer pursuant to this section shall not be included in income subject to tax under this part.

~~(g)~~

(f) Notwithstanding any other state law, and to the extent permitted by federal law, amounts refunded pursuant to subdivision ~~(e)~~ (d) shall be treated the same as the federal earned income credit defined in subdivision (c) for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or amounts of those benefits.

*(g) The Franchise Tax Board may prescribe rules, guidelines, or procedures necessary or appropriate to carry out the purposes of this section, including any guidelines regarding the allocation of the credit allowed under this section. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to any rule, guideline, or*

1 *procedure prescribed by the Franchise Tax Board pursuant to this*  
2 *section.*

3 SEC. 2. This act provides for a tax levy within the meaning of  
4 Article IV of the Constitution and shall go into immediate effect.

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